

# Indiana House of Representatives

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## News and Information

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### **STATE REP. JOE MICON'S STATEHOUSE REPORT**

INDIANAPOLIS – In the Indiana House, our attention continues to focus on legislation that has been sent to us from the state Senate.

I must admit, though, that I am keeping a very close eye on the actions of the Senate Finance Committee as they begin serious deliberations on a biennial state budget. I hope the members of that committee make massive changes to the budget approved by the majority in the House.

The state budget is the single most important bill we must pass in the 2005 legislative session. It helps us provide the funding for our schools, health care, public safety and many other areas that affect the lives of Hoosiers of all ages.

The budget contained in House Bill 1001 did not meet those standards. It reduces funding for both education and health care, and makes it very possible that local property taxes will have to be increased. Let me talk about some of my concerns in more detail.

Although House Bill 1001 increases overall K-12 tuition support by less than 1 percent statewide, that minimal increase helps a select few schools, with many rural and urban schools – including four out of five school corporations in House District 26 – receiving devastating cuts in funding.

House Bill 1001 eliminates a minimum funding guarantee, which will result in 152 Indiana school corporations receiving a reduction in funding in 2006 and 144 school corporations receiving a reduction in 2007.

In addition, House Bill 1001 does not fully fund the tuition support deficiency, which is now estimated at \$58 million for 2004-05. By failing to provide the funding that had been promised to school corporations, we will be forcing local school officials to come up with their own means to fund these deficiencies, which can mean program cuts, tax increases, or both.

House Bill 1001 provides no increases in funding for Purdue or Ivy Tech, with no added dollars for capital improvements, plant expansions or operational costs.

House Bill 1001 caps property tax replacement credits, which will translate into \$273 million in lost revenues to local government from 2005 to 2007. If that assistance is not made up, local units will have to make up the losses by increasing property taxes or making drastic cuts to local services like law enforcement, emergency services or fire protection.

All of these concerns came before the State Budget Agency announced that collected revenues are more than \$90 million below forecast. That throws the budget plan even more out of balance and means officials will have to seek cuts in funding or increases in taxes.

This news makes our task difficult, but it is not impossible. My top priority in balancing our state budget is to make sure that we provide proper funding for education in Indiana. At a time when we are seeing gradual improvements in the classroom, I want to avoid any situations where we have to cut programs, lay off teachers or increase class sizes.

The lawmakers charged with writing a budget in the Indiana Senate are well aware of the challenges ahead of them, and I believe they will do their best to make sure that we do not cut funding for education or health care, and that we will continue to live up to our commitment to reduce the budget's impact on local property taxes.

There are less than six weeks to go in the 2005 legislative session. I feel that is plenty of time for committed,

conscientious state lawmakers to come together with our governor and pass a responsible state budget that benefits the people of our state.

Recent events have proven that both parties can come together to pass sound legislation. Indiana House members were able to reach an agreement on creation of the post of Inspector General to root out fraud and corruption in state government. As a result, we are one step closer to having a watchdog that can ensure we have clean, open and honest government, and that this watchdog will be accountable to the people of our state.

The legislative process works best when all points of view and perspectives are recognized and acknowledged, and everyone keeps an open mind and treats each other with dignity and respect. I believe we can use this spirit of compromise to handle the budget and other issues as they come up for debate and vote in the weeks to come.

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